

Fair Trade Act. I am a proud cosponsor of this bill, and am pleased that this measure has been brought up for a vote.

American manufacturers are facing numerous challenges during this recession, but China's manipulation of its currency is undoubtedly the most insidious. These unfair practices put U.S. firms at a distinct disadvantage in their efforts to remain competitive and to export goods to a growing global market. By fixing the value of the renminbi to the American dollar, China effectively undervalues its currency by at least 25 percent and affords its manufacturers an unfair advantage, making their exports artificially cheap. As a result of this manipulation, American-made products are unable to compete in the marketplace and American manufacturers and other exporters are forced to lay off workers.

H.R. 2378 will begin to address this market exploitation by allowing the United States to assess countervailing and anti-dumping duties on products exported from any nation that benefits from the export subsidy of manipulated currency. It has been estimated that by implementing these duties as many as 500,000 U.S. manufacturing jobs will be created. And by making American manufacturers more competitive, we can begin to overcome the estimated 1.4 percent annual GDP reduction caused by China's currency manipulation.

While both Presidents Bush and Obama have sought to address China's currency manipulation diplomatically through both bilateral and multilateral channels, China has provided only empty pledges to allow its currency to float freely with the market—pledges that have never truly been realized. When one looks at the value of the Chinese renminbi against the U.S. dollar, it is remarkable how unnaturally flat the rate has remained for the last 2 years. Though the renminbi has appreciated by a tiny amount in recent months, this is an obvious attempt by the Chinese to leave the impression that it is acting responsibly with respect to its currency, when in fact we all know that is not the case. This legislation is crucial to overcoming China's failed promises to operate in the global economy under fair rules and standards.

This is not some esoteric exercise. China's currency manipulation has a direct effect on a wide range of U.S. manufacturers, from steel to paper, machinery to textiles. It has driven firms out of business and cost us millions of jobs, especially in the Midwest. It serves to decrease exports and widen our trade deficit with China at a time when we need to be expanding our exports and growing our economy. As my constituent Zach Mottl, of Atlas Tool and Die and the Tool and Manufacturing Association, said, "a few percentage point difference [in currency value] can make that difference in terms of whether a company buys here or buys overseas."

It is the government's duty to defend the American people. American workers and families have been under assault for years from China's unfair currency policy which steals American jobs. While we've been playing by the rules, China has enriched itself by deliberately ignoring them. Our policy has been all carrot and no stick, with unfortunate but predictable consequences. We cannot continue to allow American businesses and workers to be put out of work by China's currency manipulation. I am pleased to support this much needed, bipartisan legislation, and I urge the Sen-

ate to quickly act on this important measure in order to bring fairness and balance to international trade.

# PROVIDING FOR CONSIDERATION OF H.R. 2378, CURRENCY REFORM FOR FAIR TRADE ACT

SPEECH OF

**HON. RON PAUL**

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 29, 2010*

Mr. PAUL. Mr. Speaker, the imbalances in international trade, and in particular trade between China and the United States, have prompted many to demand a realignment of the Chinese yuan and the American dollar. Since we are running a huge trade deficit with China the call now is for a stronger yuan and a weaker dollar. This trade imbalance problem will not be solved so easily.

I would urge my colleagues to consider the benefits we receive from our relationship with China, one of which is that American consumers benefit from lower-priced goods. Adopting the policy urged by supporters of this bill would cause consumer prices to increase, thus reducing consumers' wealth. Other producers would suffer as a result of the consumers' decreased purchasing power. I doubt that many of our constituents want us to increase the prices they pay for goods and services.

Congress should also consider how the Chinese benefit the United States government by holding our debt. The dollars the Chinese acquire by selling us goods and services must be returned to the United States. Since the Chinese are not buying an equivalent amount of American goods and services, they are using the dollars to finance Congress' extravagant spending.

This deep and legitimate concern for the trade imbalance between China and the U.S. will fall short if the issue of fluctuating, worldwide fiat currencies is not addressed. The fact that the U.S. dollar is the principal reserve currency of the world gives us a benefit that others do not enjoy. It allows us to export paper dollars and import goods manufactured in countries with cheap labor. It also allows us to finance the welfare/warfare state with cheap loans from China and Japan. It's a good deal for the government but according to economic law must come to an end, and the end will be messy for the U.S. consumer and for world trade.

Our current account deficit and huge foreign indebtedness is a reflection of the world monetary system of fiat money. The longer the trade imbalances last, the more difficult the adjustment will be. The market will eventually force these adjustments on us.

Instead of having fluctuating currency exchange rates and the inevitable instability that accompanies them, we should be working to establish a commodity-backed currency whose value is determined by the market. This would provide an objective measurement of the value of economic goods and services and thus strengthen the economy by freeing it from the negative effects of our unstable monetary policy.

Instead of promoting global economic government, the United States Congress should

reform those policies that reduce our manufacturers' competitiveness. The taxes and regulations imposed on American businesses are damaging economic growth and killing jobs. If we were serious about creating jobs, we would be working on an aggressive agenda of cutting taxes and repealing needless regulations.

Congress can also improve America's competitive position by ending the practice of forcing American workers to subsidize their foreign competitors through organizations such as the Export-Import Bank and the International Monetary Fund.

In conclusion, Mr. Speaker, I remind my colleagues that stability in currencies is something we should seek, not something we should condemn. The bill before us today will not solve our problems. In fact, by refusing to address the economic stability created by fiat currency and instead embracing protectionism, it will further weaken the American economy.

# PROVIDING FOR CONSIDERATION OF H.R. 2378, CURRENCY REFORM FOR FAIR TRADE ACT

SPEECH OF

**HON. MARCY KAPTUR**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, September 29, 2010*

Ms. KAPTUR. Mr. Speaker, I believe in free and fair trade among free peoples conducted under a rule of law. Our nation boasts the most open markets in the world. But not all the world's markets are open house; consequently, since 1975 our nation has amassed an enormous trade deficit that will top 1/2 billion dollars this year.

This trade gap has resulted in:

35 years of outsourced jobs by the millions to penny wage environments.

35 years of imports dwarfing our exports.

35 years of buying from countries who will not buy as much from us.

35 years of trying to penetrate the markets of countries who contort the trade and currency rules in their favor, not ours.

As our nation climbs out of its deepest recession since the 1930s, we must rebalance our trade policies and take action to dig us out of this deep hole.

Take the case of China. The massive hemorrhage of U.S. jobs and wealth to China is staggering—in 1990 America's trade deficit with China was \$10.4 billion, and by 2000 it was up to \$83.8 billion. As of July of this year we are already \$145.4 billion in the red to Communist China. These deficits mean lost jobs in America, a shrinking middle class as production and wealth get shifted offshore.

The evidence is all around us: Americans working harder each year, plants closing down despite increasing worker productivity. Now people's health and retirement benefits are cut, or they face unemployment, as their jobs are outsourced or destroyed.

This is not a recipe for a healthy economy nor a strong nation.

How did this happen?

The Chinese are gaining a mercantilist advantage in their economic practices, which some experts call "market Leninism." They manipulate trade through several devices, the most potent of which is currency manipulation.